No. 80-1630

In the

Supreme Court of the United States

OCTOBER TERM, 1980

CELOTEX CORPORATION,

Petitioner,

vs.

UNITED STATES GYPSUM COMPANY,

Respondent.

REPLY OF PETITIONER

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I. THE NEED FOR REVIEW OF THE EVIDENCE EXCLUSION ISSUES HAS BEEN MAGNIFIED BY RESPONDENT.

Respondent, agreeing with Petitioner's contention that both the courts below did, in fact, exclude commercial product prior art evidence from their deliberations (page 11), has labeled the following as its "complete answer" to the evidence exclusion issues raised by this petition:

> . . . As indicated by Judge Grady in his opinion, he permitted the substantial introduction of evidence relative to this so-called prior art relied upon by petitioner. Everything that petitioner sought to introduce into evidence was admitted. Nothing was excluded. There is, therefore, no basis for any argu-

ment that there was an exclusion of evidence. . . page 12)

However, since the jury admittedly considered one body of prior art evidence and the courts below another, Respondent's "complete answer" is no answer at all.

In the proceedings below, the jury was unquestionably permitted to consider all of the prior art evidence. This included the recent evolution of the prior art, as objectively demonstrated by the commercial products of Petitioner's competitors. Based upon this evidence, the jury found the subject matter of the Bobzin patent to be unobvious. The District Court, on the other hand, in substituting its common sense hindsight view on obviousness for the verdict of the jury, expressly and erroneously excluded the vital and evolutionary product prior art evidence from its deliberations. The Court of Appeals also elected to exclude the prior art products from its deliberations.

The undesirable rosette and batten ceiling was a widely used comercial product when the Bobzin invention was made in 1968. Respondent's prior art Nourivaara patent issued in 1963. Respondent's Crevasse ceiling product was developed after 1963, as were the competitive Corenti and Insta-Lok products.

The Nourivaara patent admittedly shows the edge groove configuration of the Bobzin patent. However, it discloses neither a deep mid-panel groove in a fiberboard panel nor a single slip-in fastener cover which can be used in either edge or mid-panel grooves as in the Bobzin patent. The excluded commercial product prior art, which followed the Nourivaara patent in 1963, demonstrates the evolution of the art prior to the Bobzin patent with

objectivity. It establishes that the advances made by Bobzin over the Nourivaara patent in the replacement of the rosette and batten ceiling were, indeed, unobvious. This conclusion is fully supported by excluded secondary evidence of: (1) unanimous adoption of the Bobzin ceiling by the industry; (2) Respondent's difficulty in copying the patented product; (3) Petitioner's licensing of its competitors'; (4) Respondent's attempt to patent its product imitation; (5) the existence of a twenty-five year need to replace rosette and batten ceilings; and (6) the significant commercial success of the product.

The prior art analysis mandated by this Court in *Graham* v. *John Deere,* 383 U.S. 1 (1966) does not authorize judicial hindsight reconstruction of prior art. The analysis must clearly encompass a fair appraisal of the state of the prior art measured against the ordinary skill levels in that art. These skill levels are objectively manifested by the relative complexity or simplicity of the relevant prior art when compared to the rate of advancement of the art. The analysis must be applied to all of the relevant prior art, not merely to the carefully selected hindsight prior art of the infringer. Finally, secondary evidence must be considered, at the very least, for the objective light it can shed on the obviousness issue. Nowhere does Respondent contend that strict adherence to the *Graham* criteria would not produce a different result in this case.

II. INCONSISTENCIES HAVE BEEN GENERATED BY THE SEVENTH CIRCUIT'S ARBITRARY TREATMENT OF PRODUCT PRIOR ART.

Respondent has referred to *L.E. Sauer Machine Company, Inc.* v. *Corrugated Finishing Products, Inc. et al.*, (Nos. 79-2509 & 80-1086), a case not yet reported, decided by the Seventh Circuit just six days after it denied rehearing of this case. The *Sauer* decision merits discussion for its demonstration of the arbitrary treatment of commercial product prior art by the Seventh Circuit.

The Court in the *Sauer* decision, carefully considered commercial product prior art and found it to constitute evidence of unobviousness. The Court illustrated the simple geometry of the evolution of Sauer's anvil cover invention in its opinion. The Sauer geometry is so astonishingly similar to that evolved by Bobzin from the prior art, as shown by Respondent (pages 2 and 4), it has been reproduced below.[1]

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[1] Figure 1 illustrates an early anvil cover developed by Sauer, and widely used in the industry. Figure 2 illustrates a cover warping problem which resulted from the use of the cover shown in Figure 1. The Figure 3 modification shows Sauer's patented solution to the Figure 2 warping problem.

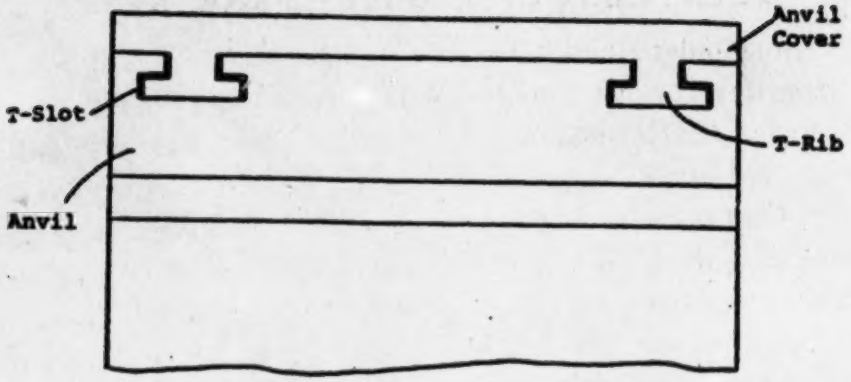


Figure 1

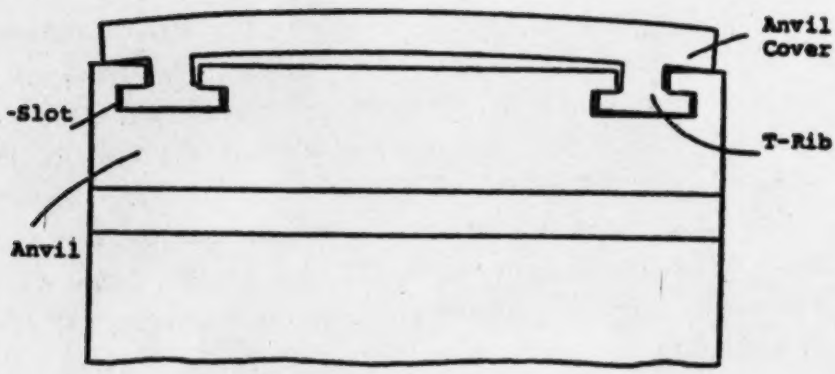


Figure 2

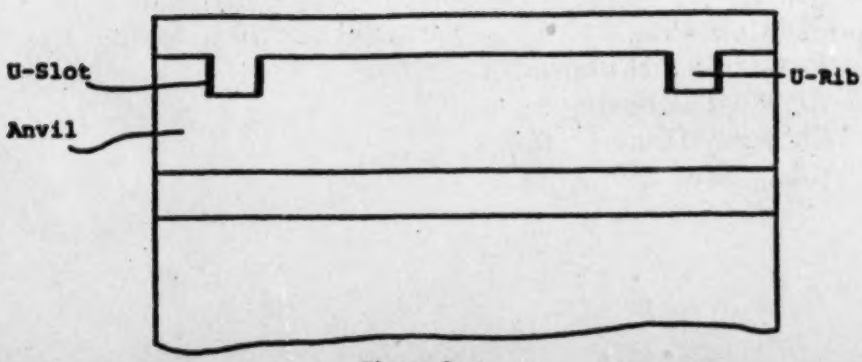


Figure 3

After analyzing the prior art products and the deficiencies they objectively demonstrated, the Seventh Circuit, admitting that the Figure 3 modification was "not an astonishing breakthrough" or even "new technology", concluded that Sauer, nevertheless, had made an unobvious advancement of the art. The legal rationale of the Seventh Circuit in the *Sauer* opinion, which involved inclusion of evolutionary product prior art, is irreconcilable with that in this case, which involved deliberate exclusion of the same evolutionary product prior art. The Seventh Circuit has failed to agree with itself in cases decided just six days apart. This alone is a compelling reason for the Court to take this case.

III. CONCLUSION

Respondent has clearly evaded the critical evidence exclusion issues raised by this petition. Respondent has also offered no help for the dangerous divergence of authority occurring in the Appellate Courts in their various interpretations of *Graham* v. *John Deere,* supra, on secondary consideration issues and the fact-law dichotomy of patent obviousness in jury cases. Ignoring the widening conflicts resulting from interpreting *Graham,* Respondent concludes only that *Graham* is correct.

Respectfully submitted,

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